

## Utility Chiefs Wary of Emission Limits



Energy company executives, from right to left, Jackson E. Reasor, president and CEO, Old Dominion Electric Cooperative, Glen Allen, Va.; Michael G. Morris chairman, president and CEO, American Electric Power, Columbus, Ohio; and David Sokol, chairman and CEO, MidAmerican Corp, Omaha, testify on Capitol Hill in Washington, Tuesday, March 20, 2007, before House Energy and Air Quality subcommittee hearing on climate change and energy security from the perspective of utility CEOs. (AP Photo/Manuel Balce Ceneta)

**(AP) -- Top executives of some of the country's largest electric utilities gave guarded support Tuesday - or at least said they were not opposed - to mandatory carbon emission limits to deal with global warming.**

Still, the executives expressed concern over the potential for huge electricity cost increases, depending on how such emission limits are imposed.

The executives, at a hearing of a House Energy and Commerce subcommittee, said any legislation that would require a cap on carbon dioxide emissions from burning fossil fuels, especially coal, should have provisions aimed at limiting the economic impact of carbon-capture technologies that will be needed.

Congress is considering an array of proposed bills aimed at curtailing the release of so-called "greenhouse" gases into the atmosphere, especially carbon dioxide from fossil-fuel burning. Scientists believe unless those emissions are rolled back the planet will become warmer causing severe climate consequences later this century.

Rep. Rich Boucher, D-Va., the subcommittee's chairman, said climate legislation is all but certain to move through the House and that a cap on carbon emissions is being considered, though details have yet to be worked out.

As the utility executives testified, hundreds of people demonstrated outside the Capitol, calling on Congress to act to combat climate change.

"There's no question global warming poses the greatest long-term threat to our health and environment," Sen. John Kerry, D-Mass., told the crowd.

The Senate is considering a number of bills that would impose caps on carbon releases, several aiming to cut emissions by as much as 80 percent by mid-century. Such a bill was introduced by Rep. Henry Waxman, D-Calif., on Tuesday in the House with 120 co-sponsors. Environmentalists noted a similar Waxman bill last year attracted only 14 original co-sponsors.

The utility industry has acknowledged that it expects Congress to take action on climate change. Utility executives want to make sure their views will be taken into consideration as details of a bill are worked out.

There is wide agreement within Congress that if emissions are capped, there also should be a market-based system in which emissions credits can be traded to reduce the cost on utilities - especially those heavily relying on coal.

Such an economy-wide cap-and-trade system "will unleash the power of the market to adopt creative, cost-effective responses across all economic sectors," James Rogers, chief executive of Duke Energy Corp., told the hearing.

Rogers and Jeffry Sterba, chairman of PNM Resources Inc., based in Albuquerque, N.M., favor a cap-and-trade climate bill, arguing that it can be fashioned to keep costs under control.

Most of the other executives said that while they did not oppose the concept, their support would depend on the details.

Michael Morris, chairman of American Electric Power, one of the biggest operators of coal-burning power plants, said AEP supports a cap on emissions if it "maximizes flexibility and minimizes costs."

Morris said 95 percent of emission permits should be allocated to electricity generators - instead of being auctioned off by the government - to pay for the technologies to reduce emissions. Otherwise, electricity from coal-burning power plants will soar, he said.

Rep. Ed Markey, D-Mass., suggested that giving almost all of the emission permits to utilities amounts to "a huge windfall" for those companies and that an auction would be better.

"There's no windfall profits," countered Morris, maintaining that state regulators would require any cost savings from the permits be passed on to customers.

Several other executives were even less inclined to embrace a carbon cap, although they suggested they may not have a choice.

"We're not supporting (a cap); we're not necessarily opposed to it," said Jackson Reasor, president of Old Dominion Electric Cooperative of Glen Allen, Va.

"We would review it as an option," added David Sokol, chairman of MidAmerican Corp., a regional utility company based in Omaha, Neb.

Milton Lee, chief executive of CPS Energy of San Antonio, Texas, was the only executive on the panel to say categorically he's not for a cap on carbon emissions, but he added, "We want to be part of the process to evaluate it."

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